

Message Text

SECRET

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ACTION SS-25

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FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC IMMEDIATE 4701

INFO AMEMBASSY JAKARTA IMMEDIATE

S E C R E T SINGAPORE 1000

EXDIS

DEPT PASS CINCPAC SPECAT EXCLUSIVE FOR ASST. SECRETARY HABIB

EYES ONLY FOR THE SECRETARY

JAKARTA EYES ONLY FOR AMBASSADOR NEWSOM

E.O. 11652: GDS

TAGS: ASEAN

SUBJECT: APPEAL BY SINGAPORE PRIME MINISTER FOR U.S.

ASSISTANCE IN BACKSTOPPING ASEAN ECONOMIC MINISTERS MEETING

1. I WAS CALLED TO ISTANAN MARCH 2 BY PRIME MINISTER LEE KUAN YEW, WHO MADE URGENT APPEAL FOR U.S. "BACKSTOP" AT ASEAN ECONOMIC MINISTERS MEETING IN KUALA LUMPUR MARCH 8-9. WHAT LEE HAD IN MIND WAS FOR US TO USE OUR GOOD OFFICES WITH KUKRIT, HUSSEIN ONN, AND SUHARTO, BUT PARTICULARLY SUHARTO, TO KEEP UP MOMENTUM ATTAINED AT ASEAN BALI SUMMIT MEETING WITH RESPECT TO ECONOMIC COOPERATION BY REACHING AGREEMENT AT KUALA LUMPUR MEETING TO WORK OUT CONCRETE ECONOMIC ARRANGEMENTS. THIS WOULD MEAN ACUAL ACCEPTANCE BY EACH ASEAN COUNTRY OF PROJECT TO BE UNDERTAKEN UNDER GENERAL RUBRIC OF TRAFFI-FREE IMPORATATION OF PRODUCTS RELATED TO FOODSTUFFS AND ENERGY, TO BE FOLLOWED SHORTLY BY INITIATION OF PLANNING.

2. IT BECAME QUICKLY APPARENT THAT PM LEE WAS REALLY CONCERNED ONLY ABOUT INDONESIA. IN HIS OPINION, IF INDONESIA COULD REALLY BE BROUGHT ALONG, ALL THE OTHER

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COUNTRIES WOULD FOLLOW SUIT. PROBLEM AS HE SAW IT WAS

THAT SUHARTO, WHILE IN GENERAL SYMPATHETICALLY INCLINED TOWARD ASEAN ECONOMIC COOPERATION, STILL REMAINED UNDER INFLUENCE OF GROUP OF "TECHNOCRATS" HEADED BY ECONOMIC MINISTER WIDJOJO, WHO LACKED VISION TO SEE THAT REGIONAL ECONOMIC DEVELOPMENT WOULD ACTUALLY BENEFIT RATHER THAN IMPAIR DEVELOPMENT OF INDONESIA'S OWN ECONOMY. SUHARTO HAD ALREADY GONE AGAINST TECHNOCRATS' WISHES WITH RESPECT TO DECLARATIONS AT BALI ON ECONOMIC COOPERATION, AND PM WAS AFRAID THAT WIDJOJO AND OTHERS MIGHT USE INTERVENING TIME BEFORE OPENING OF ECONOMIC MINISTERS MEETING TO TALK SUHARTO OUT OF IT. ALTERNATIVELY, POSSIBILITY EXISTED THAT WIDJOJO MIGHT DRAG HIS FEET SO MUCH AT KUALA LUMPUR MEETING THAT NO RESULTS WOULD EMERGE.

3. AS PM HAS MENTIONED BEFORE, HIS WORRY IS THAT IN ABSENCE OF ECONOMIC SUBSTANCE, ASEAN WILL APPEAR TO ITS ENEMIES, NOTABLY NORTH VIET-NAM (BUT ALSO THE SOVIET UNION) AS HOLLOW SHELL AND WILL BE DISREGARDED. MEMBER STATES MIGHT THEN BE KNOCKED OVER ONE BY ONE. IF ASEAN BECOMES GOING CONCERN, THOUGH, IT WILL NOT ONLY BUILD UP SELF-CONFIDENCE ON PART OF ITS MEMBERS BUT LEAD TO MUCH GREATER DEGREE OF COOPERATION IN POLITICAL AND SECURITY FIELDS. THEREFORE, CRUCIAL HURDLE TO BE PASSED IS THE KUALA LUMPUR ECONOMIC MINISTERS MEETING. SEVERAL YEARS WOULD PASS BEFORE ECONOMIC PROJECTS BEGAN TO MATERIALIZE, BUT A BEGINNING HAD TO BE MADE.

4. PM LEE INDICATED THAT HE BELIEVED HE HAD SUCCEEDED QUITE WELL AT BALI IN RE-ESTABLISHING GOOD RELATIONS WITH SUHARTO AND REASSURING HIM THAT SINGAPORE POSED NO ECONOMIC THREAT TO INDONESIA. PM LEE SAID HE HAD LEANED OVER BACKWARDS TO MEET AREAS OF INDONESIAN ECONOMIC CONCERN, E.G. WHEN IT APPEARED THAT INDONESIA, LIKE SINGAPORE, WISHED TO BUILD A PETROCHEMICAL COMPLEX AS ITS CONTRIBUTION TO ASEAN ECONOMIC COOPERATION (PLANT TO BE LOCATED IN ATJEH) LEE HAD SAID THAT HE WOULD TAKE SINGAPORE'S OWN PLANNED PETROCHEMICAL COMPLEX OUT OF COMPETITION WITH INDONESIA'S AND EITHER EXPORT PRODUCTS ELSEWHERE OR PAY THE TARIFF. HE HAD ALSO TOLD SUHARTO THAT HE WOULD ADD A "SWEETENER" BY HAVING SINGAPORE BANKS LOAN INDONESIA TEN PERCENT OF THE DEVELOPMENT COSTS OF INDONESIA'S COMPLEX AT FAVORABLE RATES OF INTEREST

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PROVIDED "UNDER THE TABLE". AGGRANGEMENT HAD TO BE WORKED OUT, HOWEVER, IN WAY THAT WOULD NOT ENCOURAGE OTHER ASEAN STATES TO CALL ON SINGAPORE FOR FINANCIAL ASSISTANCE.

5. PM LEE FURTHER INDICATED THAT HE FELT HIMSELF TO SOME EXTENT CAUGHT IN POWER STRUGGLE BETWEEN THE TECHNOCRATS AND INDONESIAN MILITARY SUPPORTS OF SUHARTO. THE LATTER ACTUALLY SUPPORTED SINGAPORE'S VIEWS ON ECONOMIC

DEVELOPMENT BECAUSE THEY WANTED GOS BACKING ON TIMOR
ISSUE AND WITH RESPECT TO REGIONAL SECURITY. TECHNOCRATS,
ON OTHER HAND, NOT ONLY OPPOSED ECONOMIC COOPERATION BUT
FELT THAT SUHARTO'S STAND AT BALI IMPERILED THEIR OWN
PERSONAL RELATIONSHIPS WITH HIM.

6. PM LEE STATED THAT HE HAD COME TO US BOTH BECAUSE
HE THOUGHT WE WERE THE ONLY ONES THAT MIGHT HELP, BUT
BECAUSE WE WERE FRIENDS "AND THAT'SXWHAT FRIENDS ARE FOR."
WITHOUT SUGGESTING WHAT WE MIGHT BE ABLE TO DO, HE MADE
REFERENCE TO U.S. ROLE IN IGGI AND OTHER CLOSE RELATION-
SHIPS WITH INDONESIA. I UNDERTOOK TO PASS HIS MESSAGE
TO WASHINGTON BY MOST EXPEDITIOUS MEANS BUT NEITHER MADE
NOR SUGGESTED ANY COMMITMENTS.

7. COMMENT: I, OF COURSE, HAVE NO WAY OF JUDGING
MERITS OF PM LEE'S CASE NOR ACCURACY OF HIS DESCRIPTION
OF FORCES AT WORK ON SUHARTO ININDONESIAN POLITICAL
ARENA. AS MATTER OF RECORD, PM LEE'S RATHER APOCALYPTIC
VIEW OF ROLE OF WIDJOJO WAS OBTAINED FROM FORMER
AMBASSADOR FRANK GALBRAITH DURING PRIVATE MEETING THE
TWO HAD IN BALI. HOWEVER, IF SOMETHING OF A GENERAL
NATURE COULD BE DONE TO ENCOURAGE SUHARTO TO STAND BY
HIS GUNS, WITHOUT AT THE SAME TIME OVERPLAYING U.S.
HAND (E.G. BY SIMPLY EXPRESSING HOPE THAT MOMENTUM
OF BALI SUMMIT WOULD BE MAINTAINED THROUGH CONCRETE
ECONOMIC UNDERTAKINGS) THAT MIGHT BE WORTH THE EFFORT.
HAVING MADE THE APPEAL -- AGAINST THE WISHES OF
FOREIGN MINISTER RAJARATNAM, HE TOLD ME --WE ARE
NOW ON THE HOOK TO DO SOMETHING. HOLDRIDGE

NOTE BY OC/T: NOT PASSED CINCPAC.

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